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RESEARCH PAPER

Foreword for the Special Issue on Carbon Markets in Small-scale Forestry

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Climate change is an issue of global concern. The international community has formed policies that establish market-based mechanisms as a principal means of achieving reductions in greenhouse gas emissions and climate change mitigation. Carbon markets—markets associated with the trade of greenhouse gas emissions offsets and regulator-issued permits (mandatory/regulated and voluntary) to emit greenhouse gases—have thus evolved over the last 5 years to be large and important centres of economic activity.

Forests feature prominently in carbon markets, primarily as sinks for the sequestration of greenhouse gas emissions and the production of tradeable carbon offsets. There is a great opportunity to use carbon offsets as a complementary source of financial returns to promote sustainable forest management—particularly in the context of small-scale forestry—and enhance livelihoods, rehabilitate ecosystem services and contribute to the development of communities more resilient to the effects of climate change. However, to date less than 1% of all carbon offset projects globally have involved forest management; most have involved making industrial processes cleaner or the development of renewable energy. This special issue of *Small-scale Forestry* presents research on some of the reasons for the dearth of small-scale forest-related carbon offset projects globally, and investigates the implications for improved carbon forestry policy.

There are various factors constraining the development of more carbon forestry projects. Some relate to the administrative and technical difficulties involved with engaging in carbon markets. A complex policy malaise frames the way forests feature in carbon markets, with different rules and provisions made for how offsets can be generated through planted versus natural forests, and forests located in developing countries versus forests located in developed countries. Some of the papers in this special issue proffer frameworks and explanations about carbon

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forestry policy, incorporating recent developments in politically important locales including the United States.

Transaction cost-related factors also constrain the development of more carbon forestry projects. Some of the papers in this special issue investigate the economics of small-scale carbon forestry, including analysis of cases where forest management is integrated in agroforestry and silvopastural systems. These papers provide insights into the financial viability of carbon forestry and explain why investors in carbon markets have to date mostly preferred to invest in other forms of offset projects than carbon forestry.

The research presented in this special issue therefore makes a unique and important contribution to the discourse around opportunities for small-scale forestry in carbon markets. Given the immense challenges posed by climate change, and the great benefits that small-scale carbon forestry can potentially offer, we believe this special issue will be of considerable interest to anyone with an interest in the development of better climate policy.